



Pharmacy Facility Management Incentive Plan

FYE 2012

P-21572_00001

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WMT_MDL_000043526

PLAINTIFFS TRIAL
EXHIBIT
P-21572_00001



Pharmacy Facility Management Incentive Plan
FYE 2012

Contact: WM Divisional Compensation
E-mail: compdiv@wal-mart.com

Incentive Plans are subject to revision at any time.



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Purpose

This document provides incentive plan details for Walmart pharmacy facility management associates. It defines the eligibility requirements, the incentive award calculation, and the performance measures. This plan is designed to reward our associates if pre-defined business goals are met or exceeded.

Definitions

- **Active Days** – Days an associate is considered to be in active status, not on an unpaid leave of absence.
- **Exempt** – Refers to associates in positions that, are exempt from the minimum wage and overtime pay provisions of the Fair Labor Standard Act of 1938 (FLSA), as amended.
- **Non-Exempt** – Refers to associates in positions that, are **not** exempt from the minimum wage and overtime pay provisions of the Fair Labor Standard Act of 1938 (FLSA), as amended.
- **Script Count** – End of month prescriptions after credit returns are accounted for. Year end script count is determined by summing the 12 monthly totals as reflected on the monthly P&L.
***NOTE:** Prescriptions for a particular calendar month will be determined based upon a Retail Link query run on approximately day 6 of the following month.*
- **Hprofit** – Is a data repository of financial information referencing H&W.
- **Pharmacy Profit** – see definitions for *Store Profit*, *Pharmacy Other Income*, and *Adjusted Net Profit* below.
- **Store Profit** – Segment Operating Income reflective of departments 38 and 40 as reflected in Hprofit 3 MIP Income Statement.
- **Pharmacy Other Income** (Pharmacy Warehouse Profit Rebate) – As reflected in Hprofit Pharmacy Other Income. Aggregate total Pharmacy Other Income is calculated from the GL and then divided among all facilities by each unit's percentage of total department 38 Net Sales.
- **Adjusted Net Profit** – The total of store profit plus Pharmacy Other Income.



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- **Customer Experience** – is measured based on feedback from Walmart shoppers who responded to experience track survey invitations printed on their receipts. On the survey, customers are asked to give their overall impression of their Pharmacy experience on a 1 – 10 scale. Each survey response is averaged into the Year to Date Overall Pharmacy Satisfaction score for each store.
- **Additional MIP** - The amount of increased or “upside” incentive opportunity – in addition to target incentive pay which high performing facilities are eligible to earn.
- **Plan Year / Incentive Year** – The plan year is February 1 through January 31. The plan year is the same as the Company’s fiscal year.
- **Transition Calculation** – The potential outcome resulting from a significant change in metrics used to calculate a group’s incentive award, if any. A transition calculation is designed to ensure associates have comparable incentive award opportunity during the first year following significant incentive plan changes.



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Eligible Facilities

An eligible facility is a Walmart Stores, Inc. (herein after "Company") Pharmacy located in any retail facility using the trade names of Walmart, Walmart Supercenter, Walmart Neighborhood Market, Walmart Supermercado, Walmart Express or Walmart on Campus.

Eligible Participants

All Walmart pharmacy facility management associates in eligible positions, listed in the chart below, may participate in this incentive plan, except as set forth below:

- Associates who are terminated from or leave the Company prior to the end of the incentive year, **January 31st**, are not eligible to participate in the incentive plan except as where required by state or local law.
- Associates who are terminated from or leave the Company for any period of time but are rehired prior to January 31st of the incentive year are eligible to participate in the incentive plan as of the rehire date on a pro-rated basis by facility or area.
- Associates who are employed in more than one eligible facility during the incentive year are eligible to receive a prorated incentive award based on the total number of active days worked in each facility during the incentive year. The incentive award will be determined on each facility's profits for the entire incentive year.
- Associates who are promoted to or demoted from an exempt management position during the incentive year are eligible to receive a prorated incentive award based on the total number of active days worked in the exempt management position during the incentive year.
- Associates who transfer from any other Walmart Stores, Inc. department to an exempt management position in an eligible facility during the incentive year are eligible for a prorated incentive award based on the number of active days worked in the eligible facility during the incentive year.
- Associates on unpaid leave of absence or long term disability are **not** eligible to participate in the incentive plan while on unpaid leave but are eligible to receive a prorated incentive award based on the total number of active days worked during the incentive year. Associates on a Military Leave of Absence should refer to PD-24 and contact their Human Resources Manager for guidance.
- Associates will not be eligible to participate in multiple profit-sharing or incentive plans for the same time period. Associates are only eligible to receive a prorated amount of the incentive award under such plans based on applicable eligibility rules under each plan.



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Incentive Award

Eligible associates may receive an incentive award in accordance with the criteria set forth below:

- **Facilities must first meet 80% of plan for the pharmacy profit metric to qualify for any incentive award on the script count and customer experience metrics.**
- Incentive awards are prorated by position and facility using active days worked in each eligible position and facility during the incentive year.
- Incentive awards, if any, will be issued only after the conclusion of the incentive year and after a reasonable period to calculate and process results.
- Incentive awards are based on performance to pre-established script count, profit, and customer experience composite numbers set for each facility, which are each delivered as a dollar amount based on sliding scale calculation.
- Results for each performance measure (actual divided by plan or goal) are rounded to the hundredth decimal place.
- In the event a store opens prior to January 31 of the current fiscal year, the performance level reached during the period after grand opening until January 31st are paid out for all active days assigned to that eligible facility, including start-up.
- Incentive awards for new facilities opening before January 31st that do not have plans established will be paid out at Target levels.
- Incentive awards for new facilities opening after January 31st but has eligible associates assigned during start-up will be eligible for a pro-rated incentive award paid out at the Target levels.
- Facilities that have a plan but do not have enough customer experience responses at the end of the fiscal year will be paid out at Threshold level for this metric only.
- The results for each performance measure are rounded to the hundredth decimal place.
- Incentive awards, if any, are calculated on a sliding scale once threshold is achieved.

Transition Calculation

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During the first year after significant plan changes, the goal is to ensure impacted associate have the opportunity to receive an award comparable to the award under prior plan design.

The final award is the result of

- 1 – FYE 12 performance results used to calculate award under new plan, and
- 2 – FYE 12 performance results used to calculated award using transition calculation and measures.

Performance measures used in determining the transition calculation eligibility are defined in the “definitions” section of this document.

The final award paid to an associate will be the result of the new plan plus any difference between the transition calculation and the new plan award.



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Performance Measures

Position	Average Hours Worked	Performance Measure	Threshold (95%)	Target (100%)	Max (102.5%)	Super Max (105%)
Pharmacy Manager, Pharmacy Area Manager	Exempt or >= 1,000 hrs	Script vs. Plan	\$4,000.00	\$6,400.00	\$8,000.00	\$9,600.00
		Profit vs. Plan	\$4,000.00	\$6,400.00	\$8,000.00	\$9,600.00
		Customer Experience vs. Goal	\$2,000.00	\$3,200.00	\$4,000.00	\$4,800.00
	750 - 999 hrs	Total	\$10,000.00	\$16,000.00	\$20,000.00	\$24,000.00
		Script vs. Plan	\$1,000.00	\$1,600.00	\$2,000.00	\$2,400.00
		Profit vs. Plan	\$1,000.00	\$1,600.00	\$2,000.00	\$2,400.00
Assistant Pharmacy Manager	Exempt or >= 1,000 hrs	Customer Experience vs. Goal	\$500.00	\$800.00	\$1,000.00	\$1,200.00
		Total	\$2,500.00	\$4,000.00	\$5,000.00	\$6,000.00
		Not Eligible				
	750 - 999 hrs	Script vs. Plan	\$1,400.00	\$2,240.00	\$2,800.00	\$3,360.00
		Profit vs. Plan	\$1,400.00	\$2,240.00	\$2,800.00	\$3,360.00
		Customer Experience vs. Goal	\$700.00	\$1,120.00	\$1,400.00	\$1,680.00
Assistant Pharmacy Manager	Exempt or >= 1,000 hrs	Total	\$3,500.00	\$5,600.00	\$7,000.00	\$8,400.00
		Script vs. Plan	\$350.00	\$560.00	\$700.00	\$840.00
		Profit vs. Plan	\$350.00	\$560.00	\$700.00	\$840.00
	750 - 999 hrs	Customer Experience vs. Goal	\$175.00	\$280.00	\$350.00	\$420.00
		Total	\$875.00	\$1,400.00	\$1,750.00	\$2,100.00
		Not Eligible				

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Position	Average Hours Worked	Performance Measure	Threshold (95%)	Target (100%)	Max (102.5%)	Super Max (105%)	
Staff Pharmacist, Grad Intern, Relief Pharmacist	Exempt or >= 1,000 hrs	Script vs. Plan	\$750.00	\$1,200.00	\$1,500.00	\$1,800.00	
		Profit vs. Plan	\$750.00	\$1,200.00	\$1,500.00	\$1,800.00	
		Customer Experience vs. Goal	\$375.00	\$600.00	\$750.00	\$900.00	
		Total	\$1,875.00	\$3,000.00	\$3,750.00	\$4,500.00	
	750 - 999 hrs	Script vs. Plan	\$187.50	\$300.00	\$375.00	\$450.00	
		Profit vs. Plan	\$187.50	\$300.00	\$375.00	\$450.00	
		Customer Experience vs. Goal	\$93.80	\$150.00	\$187.50	\$225.00	
		Total	\$468.80	\$750.00	\$937.50	\$1,125.00	
	< 750 hrs	Not Eligible					



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Additional MIP

A facility may be eligible to receive additional MIP if the number of scripts meets or exceeds 190,000 for the year. In order to be eligible for additional MIP, the facility must first meet 80% profit qualifier. If the store achieves or exceeds 190,000 scripts, each eligible associate in the store will receive an additional amount equivalent to the total award as calculated using the performance measures in the previous section.

Example:

An exempt Staff Pharmacist worked the entire year in a store with the following performance levels:

Script Count Actual: (160,000 generic/30,062 brand)	190,062	Script Count Plan:	191,215
Profit Actual:	\$1,430,001	Profit Plan:	\$1,770,565
Customer Experience:	8.85	Customer Experience Goal:	9

Award:

Facility achieved 99.40% of its goal for script count
Script count award: \$1,146

Facility achieved 80.77% of its goal for profit
Profit award: \$0; must achieve at least 95% of goal in order to receive award for profit metric

Facility achieved 98.33% of its goal for customer experience
Customer experience award: \$524.85

Incentive Award Due: \$1,670.85

Additional MIP Award Due: \$1,670.85

Total Current Incentive Award Due: \$3,341.70



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Transition Calculation and Measures

Position	Performance Measures	
	Generic Script Count	\$0.10 per script
Pharmacy Manager, Pharmacy Area Manager	Brand Script Count	\$0.03 per script
	Adjusted Net Profit	2.5% of first \$30,000 1.5% of next \$170,000 0.5% of remaining adjusted net profit
	*Minimum incentive award of \$1,250 (except when prorated)	
	1/3 of Pharmacy Manager incentive opportunity or \$1,250, whichever is greater	
Pharmacy Assistant Manager	*Minimum incentive award of \$1,250 (except when prorated)	
Salaried Staff Pharmacist, Statewide Floater, Exempt Grad Intern	\$1,250 (except when prorated)	

*All other pharmacy jobs not listed above were paid MyShare prior to FYE 2012 so that will be the comparison to determine final award amount.



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Example 1

An exempt Staff Pharmacist was hired February 26, 2011 and worked for the rest of the fiscal year (340 days) in a store with the following performance levels:

Script Count Actual: (76,800 generic/3,200 brand)	80,000	Script Count Plan:	78,250
Profit Actual:	\$1,430,001	Profit Plan:	\$1,770,565
Customer Experience:	8.85	Customer Experience Goal:	9

Award: Current Plan Calculation

Facility achieved 102.24% of its goal for script count

Script count award (340 days): \$1,368.20

Facility achieved 80.77% of its goal for profit

Profit award (340 days): \$0; must achieve at least 95% of goal in order to receive award for profit metric

Facility achieved 98.33% of its goal for customer experience

Customer experience award (340 days): \$488.90

Total Incentive Award Due: \$1,857.10

Award: Transition Calculation

Total Staff Pharmacist Award: \$1,164.28

Award under current plan is greater than award using transition calculation therefore the final payout is **\$1,857.10**



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Example 2

An exempt Staff Pharmacist was promoted to Pharmacy Manager in the same store on June 4, 2011 with the following performance levels:

Script Count Actual: (100,000 generic/15,303 brand)	115,303	Script Count Plan:	101,170
Profit Actual:	\$1,268,114	Profit Plan:	\$1,105,000
Customer Experience:	8.97	Customer Experience Goal:	9

Award: Current Calculation (Staff Pharmacist)

Facility achieved 113.97% of its goal for script count

Script count award (123 days): \$606.58

Facility achieved 114.76% of its goal for profit

Profit award (123 days): \$606.58

Facility achieved 99.67% of its goal for customer experience

Customer experience award (123 days): \$197.19

Total Staff Pharmacist Award: \$1,410.35

Award: Current Calculation (Pharmacy Manager)

Script count award (242 days): \$6,364.93

Profit award (242 days): \$6,364.93

Customer experience award: \$2,069.13

Total Pharmacy Manager Award: \$14,798.99

Total Incentive Award Using Current Calculation: \$16,209.34

Award: Transition Calculation

Total Staff Pharmacist Award: \$421.23

Generic Script Award: \$6,630.14

Brand Script Award: \$304.38

Profit Award: \$5,728.82

Total Pharmacy Manager Award: \$12,663.34

Total Incentive Award Using Transition Calculation: \$13,084.57

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Award under current plan is greater than award using transition calculation therefore the final payout is **\$16,209.34**



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Example 3

An associate was an exempt Staff Pharmacist prior to 2/1/11 and worked for the entire year in a store with the following performance levels:

Script Count Actual:	80,000	Script Count Plan:	78,250
Profit Actual:	\$1,430,001	Profit Plan:	\$1,468,611
Customer Experience:	8.85	Customer Experience Goal:	9

Award: Current Calculation

Facility achieved 102.24% of its goal for script count

Script count award: \$1,468.80

Facility achieved 97.37% of its goal for profit

Profit award: \$863.30

Facility achieved 98.33% of its goal for customer experience

Customer experience award: \$524.85

Total Staff Pharmacist Award: \$2,956.95

Award: Transition Calculation

Total Staff Pharmacist Award: \$1,250

Award under current plan is greater than award using transition calculation therefore the final payout is **\$2,956.95**



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Example 4

An associate was an hourly Staff Pharmacist (averaging 30 hours/week or 1,560 annually) who worked for the entire year in a store with the following performance levels:

Script Count Actual:	78,975	Script Count Plan:	78,700
Profit Actual:	\$1,010,017	Profit Plan:	\$1,262,000
Customer Experience:	8.97	Customer Experience Goal:	9

Award: Current Calculation

Facility achieved 100.35% of its goal for script count

Script count award: \$1,242

Facility achieved 80.03% of its goal for profit

Profit award: \$0

Facility achieved 99.67% of its goal for customer experience

Customer experience award: \$585.15

Total Staff Pharmacist Award: \$1,827.15

Award: Transition Calculation

MyShare Q1 payout @ 30 hours/week: \$404.43

MyShare Q2 payout @ 30 hours/week: \$403.54

MyShare Q3 payout @ 30 hours/week: \$307.36

MyShare Q4 payout @ 30 hours/week: \$282.12

Total MyShare Award: \$1,397.45

Award under current plan is greater than award using transition calculation therefore the final payout is **\$1,827.15**



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Example 5

An associate was a Pharmacy Manager for the entire year in a store with the following performance levels:

Script Count Actual: (132,288 generic/11,503 brand)	143,791	Script Count Plan:	129,545
Profit Actual:	\$1,744,329	Profit Plan:	\$1,688,409
Customer Experience:	9.24	Customer Experience Goal:	9

Award: Current Calculation

Facility achieved 111% of its goal for script count

Script count award: \$9,600

Facility achieved 103.31% of its goal for profit

Profit award: \$8,518.40

Facility achieved 102.67% of its goal for customer experience

Customer experience award: \$4,054.40

Total Pharmacy Manager Award: \$22,172.80

Award: Transition Calculation

Generic script award: \$13,228.80

Brand script award: \$345.09

Profit award: \$11,021.65

Total Pharmacy Manager Award: \$24,595.54

Award under current plan is less than award using transition calculation so the difference of \$2,422.74 is added to the total current award of \$22,172.80 for a total award of **\$24,595.54**



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Example 6

An exempt Staff Pharmacist worked the entire year in a store with the following performance levels:

Script Count Actual: (160,000 generic/30,062 brand)	190,062	Script Count Plan:	191,215
Profit Actual:	\$1,430,001	Profit Plan:	\$1,770,565
Customer Experience:	8.85	Customer Experience Goal:	9

Award: Current Calculation

Facility achieved 99.40% of its goal for script count

Script count award: \$1,146

Facility achieved 80.77% of its goal for profit

Profit award: \$0; must achieve at least 95% of goal in order to receive award for profit metric

Facility achieved 98.33% of its goal for customer experience

Customer experience award: \$524.85

Incentive Award Due: \$1,670.85

Additional MIP Award Due: \$1,670.85

Total Current Incentive Award Due: \$3,341.70

Award: Transition Calculation

Total Staff Pharmacist Award: \$1,250

Award under current plan is greater than award using transition calculation therefore the final payout is **\$3,341.70**



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General Provisions

- **Administration** – The compensation department of the Walmart Stores US division will be responsible for the plan design, recommendations and administration.
- **No Guarantee of Employment** – The incentive plan is not a contract, offer, or promise of employment for any specific period of time. Associates may resign their employment with the Company at any time for any reason; the Company may terminate an associate's employment at any time, with or without cause, unless otherwise required by law. Only the President of Walmart Stores, Inc. or Executive Vice President of its People Division has the authority to enter into an employment contract or agreement with associates and an associate's at-will employment cannot be changed except by the associate obtaining a written agreement signed by the President of Walmart Store's, Inc.
- **Statement of Ethics** – No Walmart Stores, Inc. document or record may be falsified for any reason and no undisclosed or unrecorded accounts of Walmart Stores, Inc. funds or assets may be established for any purpose. Violations of this policy will be considered Gross Misconduct – Integrity and may result in disciplinary action up to and including immediate termination of employment.
- **Termination or Modification** – The Company, reserves the right to discontinue, modify, reduce, amend, or terminate this plan at any time; either during the plan year, or amend, terminate, or modify the plan at the end of the plan year for future plan years. This also includes the Company's right to change the manner and/or methodology used to determine or calculate the incentive award. While an incentive award may have been paid in the past, whether any such incentive awards will be made in the future is solely within the Company's discretion and will depend on various factors such as the Company's financial condition and performance. There is no guarantee that the Company will pay any incentive award at any time during a plan year. In the event of any conflict, misunderstanding, ambiguity, or confusion regarding the plan, these guidelines will control and will supersede any oral statements regarding the plan.



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Facts to Remember

- Incentive awards will be taxed at the supplemental income tax rate.
- Incentive awards will be taxed based on the current state the associate is working when the incentive award is paid, not on the state where the incentive award was earned.
- Associate-elected 401(k) contributions will also be deducted from any incentive awards as from any other payroll check unless the associate takes action to change their contribution election by either suspending or modify the contribution percent prior to the payroll processing of the incentive award.
- Long Term Disability (if enrolled) and benefit premium arrears will be deducted from any incentive awards.
- Specific state laws relating to wage attachments may require monetary awards to be held for up to thirty (30) days for impacted associates. After receiving notification from the applicable state agencies, and once applicable deductions are made, the Company will issue awards as quickly as possible.
- Fulfillment of eligibility requirements does not guarantee payment of an incentive award.
- Fulfillment of eligibility requirements only establishes eligibility to participate in the incentive plan in the event the Company elects to make an incentive award.



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Position	Lawson Job Code	PeopleSoft Job Code	PPR
Pharmacy Manager	100000421	049010	65
Pharmacy Area Manager-WM	100000422	049012	65
Pharmacy Area Manager – Ca	100000423	049013	N60 P5
Asst Pharmacist	100000424	049300	64
Staff Pharmacist (exempt)	100000425	049700	63
State Relief Pharmacist	100000426	049701	65
Staff Pharmacist (hourly)	100000427	049710	N60 3
Grad Intern (exempt)	100000428	049720	62
Grad Intern (hourly)	100000429	049730	N60 2
Grad Intern - CA 35 hrs & below	100000431	049734	N60 2
CA Grad Intern	100000432	049735	N60 2
Grad Intern - CA 36 hrs		049736	
Grad Intern – CA (Exempt) 45 hrs		049745	
Pharmacy Manager – Ca	100000434	049852	N60 5
CA Staff Pharmacist	100000435	049853	N60 3
Pharmacy Asst Manager – Ca 36 Hrs		049854	
Pharmacy Mgr – Ca 40 Hrs	100000436	049857	N60 5
CA Staff Pharmacist	100000437	049858	
Pharmacy Asst Manager – Ca 40 Hrs	100000438	049859	N60 4
Pharmacy Mgr – Ca 45 Hrs	100000439	049862	N60 5
Staff Pharmacist - CA 45 hrs	100000440	049863	N60 3
Pharmacy Asst Manager – Ca 45 Hrs		049864	
CA Staff Pharmacist (hourly) – 35 & below	100000441	049867	N60 3